

## Completing your Newfoundland and Labrador form

The following information will help you complete Form NL428, *Newfoundland and Labrador Tax and Credits*.

The terms **spouse** and **common-law partner** are defined in the *General Income Tax and Benefit Guide*.

The term **end of the year** means December 31, 2009, the date you left Canada if you emigrated in 2009, or the date of death for a person who died in 2009.

### Tax Tip

A number of Newfoundland and Labrador tax measures are distinct from corresponding federal measures. However, many rules for calculating Newfoundland and Labrador tax are still based on the federal *Income Tax Act*. As a result, you may find it easier to calculate your federal tax first. Your total taxes payable will be the same, no matter which tax you calculate first.

## Form NL428, Newfoundland and Labrador Tax and Credits

Complete Form NL428 if you were a resident of Newfoundland and Labrador at the end of the year.

If you had income from a business with a permanent establishment outside Newfoundland and Labrador, complete Form T2203, *Provincial and Territorial Taxes for 2009 – Multiple Jurisdictions*, **instead of** completing Form NL428.

You also have to complete Form NL428 if you were a non-resident of Canada in 2009 and you earned income from employment in Newfoundland and Labrador, or received income from a business with a permanent establishment only in Newfoundland and Labrador.

### Step 1 – Newfoundland and Labrador non-refundable tax credits

The eligibility criteria and rules for claiming the Newfoundland and Labrador non-refundable tax credits are the same as for the federal non-refundable tax credits. However, **the value and calculation of some Newfoundland and Labrador non-refundable tax credits are different from the corresponding federal credits.**

To calculate many of the non-refundable tax credits, you will need to use the *Provincial Worksheet* in this book.

#### Newcomers to Canada and emigrants

If you prorated any of the amounts you claimed on lines 300 to 306, 315, 316, 318, 324, and 326 of your federal Schedule 1, you have to prorate the corresponding provincial amounts on lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

#### Line 5804 – Basic personal amount

Claim the basic personal amount of \$7,778.

#### Line 5808 – Age amount

You can claim this amount if you were 65 years of age or older on December 31, 2009, and your net income (line 236 of your return) is less than \$51,576.

If your net income is:

- \$27,209 or less, enter \$3,655 on line 5808; or
- more than \$27,209 but less than \$51,576, complete the calculation for line 5808 on the *Provincial Worksheet* in this book to determine your claim.

#### Note

You may be able to transfer all or part of your age amount to your spouse or common-law partner or to claim all or part of his or her age amount. See line 5864 for details.

#### Line 5812 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 303 of federal Schedule 1 and your spouse's or common-law partner's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$6,992.

If your spouse's or common-law partner's net income is:

- \$636 or less, enter \$6,356 on line 5812; or
- more than \$636 but less than \$6,992, complete the calculation on Form NL428 to determine your claim, and enter the amount on line 5812.

#### Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area of page 1 on your return.

#### Line 5816 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 305 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$6,992.

If your dependant's net income is:

- \$636 or less, enter \$6,356 on line 5816; or
- more than \$636 but less than \$6,992, complete the calculation for line 5816 on the *Provincial Worksheet* in this book to determine your claim.

If you have not already completed federal Schedule 5, complete and attach it to your return.

### **Line 5820 – Amount for infirm dependants 18 years of age or older**

You can claim this amount if the rules are met for claiming the amount on line 306 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,778.

Complete the calculation for line 5820 on the *Provincial Worksheet* in this book to determine your claim.

### **Line 5824 – Canada Pension Plan or Quebec Pension Plan contributions through employment**

Enter on this line the amount you claimed on line 308 of federal Schedule 1.

### **Line 5828 – Canada Pension Plan or Quebec Pension Plan contributions on self-employment and other earnings**

Enter on this line the amount you claimed on line 310 of federal Schedule 1.

### **Line 5832 – Employment Insurance premiums**

Enter on this line the amount you claimed on line 312 of federal Schedule 1.

### **Line 5833 – Adoption expenses**

You can claim this amount if the rules are met for claiming an amount on line 313 of federal Schedule 1.

You can claim on line 5833 up to \$10,497 of eligible adoption expenses for each child.

The claim may be split between two adoptive parents as long as the combined total claim for each child is not more than the amount before the split.

#### **Note**

Only residents of Newfoundland and Labrador are eligible for this amount. If you are not a resident of Newfoundland and Labrador, you cannot claim this tax credit in calculating your Newfoundland and Labrador tax even though you may have received income from a source inside Newfoundland and Labrador in 2009.

### **Line 5836 – Pension income amount**

You can claim this amount if you met the rules for claiming an amount on line 314 of federal Schedule 1.

The amount you can claim on line 5836 is the amount from line 314 of federal Schedule 1 or \$1,000, whichever is less.

#### **Note**

Only residents of Newfoundland and Labrador are eligible for this amount. If you are not a resident of Newfoundland and Labrador, you cannot claim this tax credit in calculating your Newfoundland and Labrador tax even though you may have received income from a source inside Newfoundland and Labrador in 2009.

### **Line 5840 – Caregiver amount**

You can claim this amount if the rules are met for claiming the amount on line 315 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$14,542.

Complete the calculation for line 5840 on the *Provincial Worksheet* in this book to determine your claim.

### **Line 5844 – Disability amount**

You can claim this amount if you met the rules for claiming the amount on line 316 of federal Schedule 1.

- If you were **18 years of age or older** at the end of the year, enter \$5,249 on line 5844.
- If you were **under 18 years of age** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$2,470 in addition to the disability amount of \$5,249. Complete the calculation for line 5844 on the *Provincial Worksheet* in this book to determine your claim.

### **Line 5848 – Disability amount transferred from a dependant (other than your spouse or common-law partner)**

You can claim this amount if the rules are met for claiming the amount on line 318 of federal Schedule 1. Complete the calculation for line 5848 on the *Provincial Worksheet* in this book to determine your claim.

### **Line 5852 – Interest paid on your student loans**

Enter on this line the amount you claimed on line 319 of federal Schedule 1.

### **Line 5856 – Your tuition and education amounts**

Complete Schedule NL(S11), *Provincial Tuition and Education Amounts*, to calculate your claim.

**Receipts** – If you are filing a paper return, **attach the completed Schedule NL(S11)**. Whether you are filing a paper return or electronically, keep your forms and official tuition fees receipts in case we ask to see them.

### **Transferring and carrying forward amounts**

You may not need all of your 2009 tuition and education amounts to reduce your provincial income tax to zero. In this case, you can **transfer** all or some of the unused part to **one** person, either your spouse or common-law partner (who would claim it on line 5864), your parent or grandparent, or your spouse's or common-law partner's parent or grandparent (who would claim it on line 5860).

You can only transfer an amount to your parent or grandparent, or your spouse's or common-law partner's parent or grandparent, if your spouse or common-law partner does not claim an amount for you on line 5812 or 5864.

Complete the "Transfer/Carryforward of unused amount" section of Schedule NL(S11) to calculate the provincial amount available to transfer, as well as Form T2202, *Education and Textbook Amounts Certificate*, T2202A, *Tuition, Education, and Textbook Amounts Certificate*, TL11A, *Tuition, Education, and Textbook Amounts Certificate – University Outside Canada*, TL11B, *Tuition, Education, and Textbook Amounts Certificate – Flying School or Club*, or TL11C, *Tuition, Education, and Textbook Amounts Certificate – Commuter to the United States*, to designate who can claim it and the amount the person can claim. This amount may be different from the amount calculated for the same person on your federal Schedule 11. You must enter the provincial amount you are transferring on line 20 of your Schedule NL(S11).

#### Tax Tip

If you are transferring an amount to a designated person, only transfer the amount this person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the "Transfer/Carryforward of unused amount" section of Schedule NL(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition and education amounts you do not need to use (and do not transfer) for the year.

### Line 5860 – Tuition and education amounts transferred from a child

You can claim these amounts if the rules are met for claiming an amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all provincial amounts transferred to you that each student designated on his or her Form T2202, T2202A, TL11A, TL11B, or TL11C.

#### Notes

The student **must have entered this amount on line 20** of his or her Schedule NL(S11). He or she may have chosen to transfer an amount that is less than the available provincial amount. The student cannot transfer to you any unused tuition and education amounts carried forward from a previous year.

If the student was a resident of another province or territory on December 31, 2009, special rules may apply. Call the Canada Revenue Agency (CRA) to determine the amount you can claim on line 5860.

Other rules may apply if the student has a spouse or a common-law partner. See line 324 in the *General Income Tax and Benefit Guide*.

**Receipts** – If you are filing a paper return, **do not include the student's Schedule NL(S11)**, forms, or official tuition fees receipts. Whether you are filing a paper return or electronically, keep all of your documents in case we ask to see them.

### Line 5864 – Amounts transferred from your spouse or common-law partner

You can claim these amounts if the rules are met for claiming the amount on line 326 of federal Schedule 1. Complete Schedule NL(S2), *Provincial Amounts Transferred From Your Spouse or Common-Law Partner*, to calculate your claim. Attach this schedule to your return.

### Line 5868 – Medical expenses

The medical expenses you can claim on line 5868 are the same as those you can claim on line 330 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2009 and must not have been claimed on a 2008 return. Your total expenses have to be more than either 3% of your net income (line 236 of your return) or \$1,694, whichever is less.

#### Note

If the total medical expenses claimed are more than \$1,694 but less than \$2,011, it is important that you enter the amount on line 5868 **and** on line 330 of your federal Schedule 1.

### Line 5872 – Allowable amount of medical expenses for other dependants

In addition to the medical expenses claimed on line 5868, you can claim medical expenses for other dependants.

The medical expenses you use to calculate your claim on line 5872 are the same as those used to calculate your federal claim on line 331. They have to cover the **same 12-month period** ending in 2009 and must not have been claimed on a 2008 return.

The total expenses for each dependant have to be more than either 3% of that dependant's net income (line 236 of his or her return) or \$1,694, whichever is less. The maximum amount you can claim is \$10,000 for each dependant.

Complete the calculation for line 5872 on the *Provincial Worksheet* in this book to determine your claim.

### Line 5896 – Donations and gifts

To calculate your claim for line 5896, enter the amounts from lines 345 and 347 of federal Schedule 9 and multiply them by the rates at lines 26 and 27 of Form NL428.

## Step 2 – Newfoundland and Labrador tax on taxable income

**E**nter on line 30 your taxable income from line 260 of your return. Use this amount to determine which **one** of the three columns you have to complete. Enter this amount on line 31 of the applicable column and complete the calculation.

## Step 3 – Newfoundland and Labrador tax

### Line 39 – Newfoundland and Labrador tax on split income

If you have to pay federal tax on split income on line 424 of your federal Schedule 1, complete Part 2 of Form T1206, *Tax on Split Income*, to calculate the provincial tax that applies to this income. Form T1206 also contains a special rule that applies to the amount you enter on line 428 of your return. You can find more information on tax on split income in the *General Income Tax and Benefit Guide*.

### Line 47 – Newfoundland and Labrador additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, *Alternative Minimum Tax*, you will also have to determine your Newfoundland and Labrador additional tax for minimum tax purposes.

To do this, complete the calculation on line 47 of Form NL428. You can find information about minimum tax in the *General Income Tax and Benefit Guide*.

### Line 49 – Provincial foreign tax credit

If your federal foreign tax credit on non-business income is less than the related tax you paid to a foreign country, you may be eligible to claim a provincial foreign tax credit.

To claim the credit, get Form T2036, *Provincial or Territorial Foreign Tax Credit*, from the CRA's Web site or by contacting us (see the section called "For more information" at the beginning of this book).

Enter, on line 49 of Form NL428, the tax credit calculated on line 5 of Form T2036.

**Receipts** – Attach Form T2036 to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

### Lines 51 and 52 – Political contribution tax credit

You can claim a credit for the contributions you made in 2009 to registered Newfoundland and Labrador political parties or district associations, or to registered Newfoundland and Labrador independent political candidates during an election period.

#### How to claim

Enter your total contributions on line 51 of Form NL428. Determine the amount to enter on line 52 as follows:

- For contributions of **more than \$1,150**, enter \$500 on line 52.
- For contributions of **\$1,150 or less**, complete the calculation for line 52 on the *Provincial Worksheet* in this book.

**Receipts** – For each contribution, attach to your paper return an official receipt signed by an official of the recognized political party or constituency association, or the non-affiliated candidate's agent. If you are filing

electronically, keep your receipts in case we ask to see them.

### Line 54 – Labour-sponsored venture capital tax credit

You can claim a credit on your investment in eligible shares that you acquired in 2009 (that you did not claim on your 2008 return) or in the first 60 days of 2010.

If an RRSP for spouse or common-law partner became the first registered holder of the share, either the RRSP contributor or the annuitant may claim this credit for that share.

You can claim a credit on a maximum investment of \$10,000 in eligible shares acquired in 2009. The amount of the credit is 15% of your investment in eligible shares made before April 1, 2009 and 20% of your investment in eligible shares made after March 31, 2009. Enter, on line 54 of Form NL428, the credit shown on the Certificate(s) NL LSVC-1.

#### Tax tip

You may also be eligible for a federal tax credit. For details, see lines 413 and 414 in the *General Income Tax and Benefit Guide*.

**Receipts** – Attach the Certificate(s) NL LSVC-1 to your paper return. If you are filing electronically, keep all your documents in case we ask to see them.

### Line 56 – Direct equity tax credit

You can claim this credit for investments in eligible shares you acquired in 2009 (that you did not claim on your 2008 return) or in the first 60 days of 2010.

To claim the credit, get Form T1272, *Newfoundland and Labrador Direct Equity Tax Credit*, from the CRA's Web site or by contacting us (see the section called "For more information" at the beginning of this book).

Enter, on line 56 of Form NL428, the tax credit calculated on line 6 of Form T1272.

**Receipts** – Attach Form T1272 along with the Certificate(s) NL DETC-1 to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

#### Unused direct equity tax credit

You can carry forward unused Newfoundland and Labrador direct equity tax credits for seven years, or back three years.

Any unused direct equity tax credit is shown on your most recent notice of assessment or notice of reassessment.

You may not need all of your credit to reduce your 2009 provincial income tax to zero. Use Form T1272 to calculate any unused credit available to carry back to previous years or carry forward to a future year.

### **Line 58 – Resort property investment tax credit**

You can claim this credit if you invested in a registered resort development property in 2009 and you were at least 19 years of age at the time you made the investment.

To claim the credit, get Form T1297, *Newfoundland and Labrador Resort Property Investment Tax Credit (Individuals)*, from the CRA's Web site or by contacting us (see the section called "For more information" at the beginning of this book).

Enter, on line 58 of Form NL428, the tax credit calculated on line 6 of Form T1297.

**Receipts** – Attach Form T1297 along with your official NL RPITC receipt(s) to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

### **Unused resort property investment tax credit**

You can carry unused resort property investment tax credits forward for seven years or back three years.

Any unused tax credit will be shown on your most recent notice of assessment or notice of reassessment.

You may not need all of your credit to reduce your 2009 provincial income tax to zero. Use Form T1297 to calculate any unused credit available to carry back to previous years or carry forward to a future year.

### **Newfoundland and Labrador low-income tax reduction**

You can claim this tax reduction if you were a resident of Newfoundland and Labrador on December 31, 2009.

If you had a spouse or common-law partner on December 31, 2009, you and your spouse or common-law partner have to decide which one of you will claim the low-income tax reduction for your family. Any unused amount can be claimed by the other spouse or common-law partner on his or her Form NL428.

If you are preparing a return for a person who died in 2009, you can claim the tax reduction on the deceased person's final return if he or she was a resident of Newfoundland and Labrador on the date of death.

### **Line 61 – Unused low-income tax reduction from your spouse or common-law partner**

If you had a spouse or common-law partner on December 31, 2009, and he or she did not need all of the low-income tax reduction to reduce his or her Newfoundland and Labrador tax to zero, you can claim, on line 61, the unused amount calculated on his or her Form NL428.

### **Adjusted family income**

When you calculate your **adjusted family income** (lines 63 to 68 on Form NL428), complete columns 1 and 2 using the information from your and your spouse's or common-law partner's returns for the year.

#### **Note**

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on page 1 of your return.

### **Line 70 – Basic reduction**

Claim \$558 for yourself.

### **Line 71 – Reduction for your spouse or common-law partner**

Claim \$280 if you had a spouse or common-law partner on December 31, 2009.

### **Line 72 – Reduction for an eligible dependant**

Claim \$280 if you claimed the amount for an eligible dependant on line 5816 of Form NL428 and you did not claim an amount on line 71.

### **Unused low-income tax reduction that can be claimed by your spouse or common-law partner**

If you had a spouse or common-law partner on December 31, 2009, your spouse or common-law partner can claim, on his or her 2009 Form NL428, any amount of the low-income tax reduction that you do not need to reduce your Newfoundland and Labrador tax to zero.

Complete the calculation on your Form NL428 to determine the unused amount that your spouse or common-law partner can claim on his or her Form NL428.